



NEWS RELEASE

Office of the
United States Attorney
for the
District of Nebraska
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March 7, 2011

United States Attorney Deborah Gilg and the IRS announce the following information for the attention of the media:

Event Triggering this Release:

On March 4, 2011, Linda Swain-Armstrong entered a guilty plea to one count of filing a corporate income tax return for Swain Construction, Inc. which she did not believe to be true and correct as to every material matter in violation of Title 26, United States Code, Section 7206(1).

During the years 2002 through 2005, Swain-Armstrong, both personally and through others, took selected checks of customers of Swain-Armstrong to a local check cashing station and paid a 2% fee to turn the checks to cash. The cash was then used to pay employees who were paid only in cash. Swain-Armstrong then caused employees to delete references to the cashed checks and any related invoices from the company's computer accounting system.

On October 7, 2004, Swain-Armstrong filed a corporate income tax return for Swain Construction, Inc. in which she listed the gross receipts for the company as being \$6,821,850. However, this amount omitted the amounts from the checks that had been cashed in that fiscal year. The actual gross receipts were \$7,008,562.09.

By understating the gross receipts on the corporate tax return, the defendant was also able to under-report the amount of payroll expense incurred by the company without alerting the IRS. The reported payroll was under-reported by the amount of the cashed checks. As a result, the amount of employment tax paid by Swain Construction, Inc. was less than the amount due and owing.

The total tax loss to the government as a result of this scheme for all years involved was \$103,880.04, and Swain-Armstrong has agreed the court can order this amount to be paid as restitution to the IRS.

Sentencing is set for June 15, 2011, before the Honorable Joseph F. Bataillon, United States District Judge.

Name of Defendant: Linda Swain-Armstrong

AKA:

Age: 61

City of residence:

Crime(s) Charged and Potential Penalty (A CHARGE is merely an accusation and every defendant is presumed innocent until and unless proven guilty) filing a tax return which contains materially false statements. The statutory maximum penalty is 3 years of imprisonment and/or a \$250,000 fine, and one year of supervised release.

Specific Location of Alleged Crime: Omaha, Nebraska

Location of Arrest:

Alleged Dollar Loss/Type and Quantity of Drug: \$103,880

Others Charged in Same Scheme:

Relevant Dates:

Date of Alleged Crime: October 7, 2004

Federal Arrest Date:

Date Complaint Issued:

Indictment Returned Date: February 18, 2010

Initial Appearance Date: March 17, 2010

Plea or Trial and Date(s): March 4, 2011

Sentencing Date: June 15, 2011

Next Court Hearing Type and Date: Sentencing is set for

Assigned Magistrate Judge: Honorable Thomas D. Thalken

Held without Bond, or Released from Custody: Released from custody

In Continuous Custody Since:

Assigned District Court Judge: Honorable Joseph F. Bataillon, Chief Judge

Initials of Assigned AUSA/Preparer of THIS Release: DRS